

STARK AND CAMP INTRODUCE BILL TO DELAY DME COMPETITIVE BIDDING PROGRAM

Thursday, 12 June 2008

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No cost to government

WASHINGTON, DC - House Ways and Means Health Subcommittee Chairman Pete Stark (D-CA) and Subcommittee Ranking Member Dave Camp (R-MI) today introduced legislation that would delay the competitive bidding program for Medicare's Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS). Ways and Means Chairman Charles B. Rangel (D-NY), Minority Leader John Boehner (R-OH), House Energy and Commerce Committee Chairman John D. Dingell (D-MI), and Energy and Commerce Health Subcommittee Chairman Frank Pallone (D-NJ) joined them as cosponsors of the bill.

The bill will delay implementation of the program for 18 months, and require CMS to make needed improvements to the program. These improvements are designed improve the program for both beneficiaries and suppliers. The cost of the delay and accompanying reforms is fully paid for within the DME sector by reducing payment rates for covered items by 9.5 percent nationwide starting in 2009, but provides for an additional increase of 2 percent in 2014.

"We're introducing this bill to delay the DME competitive bidding program because the Bush Administration designed this program with blinders on to the needs of beneficiaries and the small companies that make up most of the DME

industry. But, as I told the industry from the start, this is no free lunch. This bill requires the DME industry to finance the cost of delaying the program. I'm pleased to introduce this bipartisan bill and look forward to working with my colleagues for its swift passage so that the program can be redesigned to meet the needs of patients, providers and taxpayers," said Rep. Stark.

"The implementation of this necessary program has been flawed and needed to be fixed. This bill provides us with the time to get the program right and ensure we are reducing costs while protecting beneficiaries in the long run. Equally important, this bill requires that we move forward with competitive bidding as a way to reduce costs," said Rep. Camp.

BACKGROUND

The DMEPOS competitive bidding program was mandated in the Medicare Modernization Act of 2003, and this year the Centers for Medicare and Medicaid Services (CMS) completed its first round of bidding in 10 of the largest metropolitan areas. Under current law, the bids go into effect on July 1. The program is scheduled to move into another 70 areas in 2009, and then be taken nationwide.

After the initial round of bidding, many suppliers voiced concern that the rules of the bidding program were unclear, and that many companies were unfairly excluded from the process. Preliminary numbers indicate that close to two-thirds of suppliers who submitted bids were rejected for lack of proper documentation. The bill would help alleviate this problem by providing feedback to suppliers about paperwork problems and giving them an opportunity to correct those problems.

According to figures from the Congressional Budget Office, the bill's delay and corresponding reforms would increase Medicare spending by \$3.1 billion over five years. To offset this projected cost, payment rates for items covered in the first round of the competitive bidding program will be cut by 9.5 percent nationwide. As a result, CBO has confirmed that the legislation is fully offset and therefore has no cost.

The Stark-Camp bill strengthens existing quality protections by requiring that all DME suppliers be accredited as meeting defined quality standards by October 2009. It also closes a loophole that currently allows subcontractors who are supplying DME to Medicare beneficiaries to be unaccredited.

Bill summary.

Text of the bill.

List of groups supporting the bill.